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SUBJECT: AMBASSADORS FEBRUARY 23RD MEETING WITH MINISTER OF
MERCHANT MARINE KEFALOYIANNIS

Classified By: Ambassador Charles Ries, Reasons 1.4 (b) and (d)

11. (U) Summary. Ambassador Ries met with Minister of Merchant Marine Kefaloyiannis on February 23rd, to discuss the International Port Safety Program, legal incidents involving Greek owned merchant vessels in U.S. waters, and the Greek privatization of port services. Kefaloyiannis also endorsed a training request by the Hellenic Coast Guard and asked for help in arranging the donation of an EC2 type Liberty ship to become a floating museum in Greece, reported septels. End Summary.

12. (U) Ambassador Ries met with Minister of Merchant Marine Kefaloyiannis on February 23rd. Ambassador raised the topic of the U.S. Coast Guard's (USCG) new International Port Safety Program (IPSP) by noting that ports have been identified as a weak link in the war on terrorism, and that programs such as the IPSP are designed to secure those loopholes. Ambassador explained the USCG has opened a new nine-man office in Rotterdam that can provide assistance and information to further the goal of increasing the maritime security posture of countries in Europe. The Minister responded that port security had been an issue for Greece during the Olympics, and that Greece's five major ports were probably now overprotected from an IPSP perspective. He acknowledged, however, that Greece had an additional 59 ports, and that bringing them all up to International Ship and Port Facility Security (ISPS) code would take some time.

13. (C) Ambassador also raised two incidents in which vessels belonging to Greek shipping companies, but flagged outside of Greece, had been indicted for illegally discharging oil into the Pacific Ocean, falsifying ships, records, and concealing the activities (including suborning perjury). (Note: In one incident the Greek shipping company has agreed to plead guilty to having ordered its vessel to commit the acts and conceal the violations, leading the USCG to believe there may be a pattern developing. End note.) Ambassador observed that the USCG might have to increase its examination of Greek-owned vessels if a few bad apples spoiled the reputation of Greek shipping. Kefaloyiannis, clearly not aware of these cases, argued that it is the responsibility of the flag state to enforce best practices, but agreed that it would reflect poorly on Greece if it appeared that Greek ship owners were instructing their vessels to flagrantly disregard U.S. maritime environmental laws.

14. (U) For his part, Kefaloyiannis touted new plans to privatize port services in Greece, especially in southern Crete, as well as to fully privatize other ports in the country. Although he did not have specific details at the time of the meeting, he noted that these plans would be published soon, and that the GoG would welcome U.S. investment in this sector. Ambassador observed that when these privatization policy changes were in place, the Greeks should seek to publicize them in the U.S. Ambassador also noted that policy changes such as port service privatizations could go a long way towards positioning Greece to make the most of its geographic position between Europe and the Middle East.

15. (C) Comment: The GoG is aware of its next steps regarding ISPS compliance, and has begun to look for private contractors to create security plans for those ports that were not involved in the Olympic security program. The HCG has been ready and willing to work with the USCG representative in Rotterdam, and we will encourage the GoG to comply fully with all ISPS code requirements within a reasonable time frame.

16. (C) On the topic of Greek-owned vessels violating U.S. maritime laws, after the official meeting, members of Kefaloyiannis, staff commented that they support a USCG crack-down on Greek-owned ships flying flags of convenience, in order to help the Ministry in its efforts to bring shipping back to the Greek flag. The Ministry has been under pressure for several years to reverse the outflow of Greek-owned or operated vessels to other flags. Thus far these efforts have been fruitless. In 2004, 140 ships were flagged in Greece, but 143 Greek flag ships were reflagged. End Comment.

